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PREPARING FOREIGN TRADE PLANS IN CZECHOSLOVAKIA

Foreign trade occupies a much more important place in the economic activities of Czechoslovakia than in any other people's democracy. The recently issued Instructions on the Preparation of the 1950 Foreign Trade and International Shipments Plan describe two types of plans relating to foreign-trade activities: (a) the foreign-trade and international-shipments plan proper, and (b) the plans of the central administrations of foreign trade which are known as monopoly corporations.

The above-mentioned Instructions outline in great detail all matters relating to Czechoslovakia's foreign trade, the purpose of planning in this field, the forms used in foreign-trade planning, and the planning procedure itself.

According to these Instructions, the basic purpose of Czechoslovakia's foreign-trade plan is to determine the volume of goods to be imported and which goods are indispensable for the fulfillment of the Five-Year Plan. Export activities are considered as the channel and the means for procuring foreign exchange with which imported goods are to be bought. The volume of goods exported will also depend on what financial resources are needed for equilibrium in the national balance of payments.

The Instructions list the following bodies as having been requested to prepare foreign-trade plans: (a) central administrations of foreign trade (monopoly corporations), (b) the Ministry of Foreign Trade, and (c) the State Planning Office.

Monopoly corporations represent the basic planning units. Their task is to plan trade transactions involving articles the import or export of which has been monopolized, and articles which must be registered (for instance, antifriction bearings) but do not come under monopoly provisions.

The following are the four phases involved in drawing up foreign-trade operational plans in Czechoslovakia: (a) assignment of estimate figures, (b) preparation of drafts of operational plans, (c) approval of the same by the government and their assignment, and (d) control over the fulfillment of the plans.

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The Instructions contain provisions regarding matters outlined under (a) and (b) only.

The annual estimate figures are the result of the following cooperative effort: the State Planning Office submits the total estimate figures to the Ministry of Foreign Trade which, in turn, assigns quotas to each single monopoly corporation. The estimate quotas assigned by the Ministry of Foreign Trade establish the maximum figures for imports and the ratio to be maintained between imports and exports.

Individual trade enterprises present their specific requirements for goods to be imported (or exported) to the monopoly corporations. These requirements are to be presented on forms issued especially for this purpose. The monopoly corporations collect all these forms, examine the requirements contained therein, compare them with the estimate quotas, and consider them from various angles (geographic, commercial, and with regard to the value of the goods to be imported).

Once the forms are properly checked, the monopoly corporation turns them over to the director of the office in charge of drawing up trade budgets. In case a monopoly corporation finds out that the import or export quotas, or the ratio between them, cannot be met, this fact must be reported to the Trade Department of the State Planning Office and the Ministry of Foreign Trade.

The Ministry of Foreign Trade, on the basis of all the material received, prepares the 1950 over-all foreign-trade plan and subsequently submits it to the Trade Department of the State Planning Office. Thus, the latter has at its disposal all data relating to the over-all foreign-trade program and to its geographic and financial aspects.

All goods are expressed in thousands of crowns according to the following three types of prices: (a) fixed prices, i.e., prices on the basis of which the 1950 foreign trade plan was drawn up; (b) current prices, or prices paid by monopoly corporations to local producers for goods to be exported, and prices paid by distribution trade outlets to the monopoly corporations for goods imported; current prices are established by the trade budget offices; and (c) 1950 foreign-trade prices, i.e., those in effect on 1 September 1949 in trade transactions with foreign countries.

Prices mentioned under (a) and (b) are considered franco Czechoslovakia's borders, and in case of imported goods include all subsidiary payments and expenses such as transport, insurance, commission, warehouse, and port fees, etc.

In addition to domestic requirements, the amount of imports and exports is also determined by such factors as the total foreign exchange available, by general policy directives, foreign trade trends, etc. Since lower-level planning units may not know of the existence and significance of these factors and may be guided in drawing up their plans only by their specific import or export needs, they must be properly advised, from the very beginning of their planning activities, as to the general directives and orientation of their plans and the ratio to be established between exports and imports. The estimated quotas assigned by higher planning units to lower planning units (i.e., monopoly corporations) are intended to eliminate these inconveniences. The estimated quotas, in fact, determine the ratio between imports and exports, outline foreign-trade trends, etc.

The Instructions also specify the scope, subject matter, and planning procedure to be followed in the field of international shipments. The "Met-rans" Corporation is the basic planning unit for this purpose and comes immediately under the jurisdiction of the Ministry of Foreign Trade.

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"Mettrans" will prepare the 1950 international-shipments plan on the basis of requirements received from individual monopoly corporations. The latter are to list on their application forms the following data: the type of merchandise to be shipped, the country of its origin and of its destination, the aggregate tonnage for the year, the shipping routes, means of shipment, and the estimated costs in Czechoslovak currency of land and sea shipment, etc.

The "Mettrans" Corporation will prepare, on the basis of the available data, a draft of a plan outlining the best directions and means of delivery. This draft will be delivered to the Trade Department of the State Planning Office and to the Ministry of Foreign Trade. After a thorough examination of the draft, the Ministry of Foreign Trade will present its opinion to the State Planning Office. The procedure adopted for drawing up the international-shipments plan also applies to the 1950 plan for dispatching international shipments.

In addition to preparing drafts of plans to serve for drawing up an overall plan for foreign trade, foreign shipments, and dispatching foreign shipments, the monopoly corporations are also required to draw up their own operational plans. These plans must specify all data concerning the functions, needs, requirements, and means of the monopoly corporations. This data is to be transmitted to the Ministry of Foreign Trade, which, after thorough study, sends the plan to the Trade Department of the State Planning Office.

The operational plans of the monopoly corporations will consist of the following sections: introduction, so-called trade-transactions plan, manpower-requirements plan, goods-requirements plan, investment plan, and financial plan. The operational plans of the monopoly corporations are to provide a detailed explanation and justification of items included in each of the above-mentioned sections of the plan.

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